

YMCA OF NORTHEAST LOUISIANA, INC.

Financial Statements
For The Year Ended December 31, 2014



YMCA OF NORTHEAST LOUISIANA, INC.
DECEMBER 31, 2014

INDEX

	<u>Page</u>
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-10

SUPPLEMENTAL INFORMATION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	11-12
Schedule of Findings and Questioned Costs	13-17
Summary Schedule of Prior Audit Findings	18
Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head	19

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

INDEPENDENT AUDITORS' REPORT

Board of Directors
YMCA of Northeast Louisiana, Inc.
Monroe, Louisiana

We were engaged to audit the accompanying statement of financial position of the YMCA of Northeast Louisiana, Inc. (a non-profit organization) as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Because of the matter described in the Basis for Disclaimer of Opinion paragraph; however, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Because of inadequacies in the YMCA of Northeast Louisiana, Inc.'s accounting records, we were unable to form an opinion regarding the amounts recorded as ending balances. The Organization's accounting personnel did not possess sufficient knowledge and skills in financial reporting resulting in numerous misstatements in the Organization's computerized accounting system. As of the date of our audit report, management was still in the process of rectifying issues with its financial reporting and correcting the misstatements. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded receivables, payables and other liabilities, and the elements making up the statements of activities, functional expenses and cash flows.

Board of Directors
YMCA of Northeast Louisiana, Inc.
Monroe, Louisiana
Page 2

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

Other Matters

Other Information

We were engaged to audit with the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, reimbursements, benefits and other payments to the agency head on page 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the other information described in this paragraph.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, on our consideration of YMCA of Northeast Louisiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YMCA of Northeast Louisiana, Inc.'s internal control over financial reporting and compliance.

Camaron, Hines & Company (APAC)

West Monroe, Louisiana
September 30, 2015

YMCA OF NORTHEAST LOUISIANA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 243,496	\$ -	\$ 243,496
Grants Receivable	16,442	-	16,442
Unconditional Promise to Give - United Way	<u>-</u>	<u>19,250</u>	<u>19,250</u>
Total Current Assets	259,938	19,250	279,188
<u>FIXED ASSETS</u>			
Land	92,000	-	92,000
Building	78,000	-	78,000
Box Truck	40,495	-	40,495
Equipment and Leasehold Improvements	77,645	-	77,645
Less: Accumulated Depreciation	<u>(92,880)</u>	<u>-</u>	<u>(92,880)</u>
Net Fixed Assets	195,260	-	195,260
<u>OTHER ASSETS</u>			
Deposits	<u>300</u>	<u>-</u>	<u>300</u>
<u>TOTAL ASSETS</u>	<u>\$ 455,498</u>	<u>\$ 19,250</u>	<u>\$ 474,748</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 10,025	\$ -	\$ 10,025
Accrued Payroll Taxes	468	-	468
Deferred Revenue	<u>235,530</u>	<u>-</u>	<u>235,530</u>
Total Current Liabilities	246,023	-	246,023
<u>Net Assets</u>			
Unrestricted	14,215	-	14,215
Fixed Assets - Unrestricted	195,260	-	195,260
Temporarily Restricted	<u>-</u>	<u>19,250</u>	<u>19,250</u>
Total Net Assets	<u>209,475</u>	<u>19,250</u>	<u>228,725</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 455,498</u>	<u>\$ 19,250</u>	<u>\$ 474,748</u>

The accompanying notes are an integral part of this financial statement.

YMCA OF NORTHEAST LOUISIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>PUBLIC SUPPORT AND REVENUE</u>			
Public Support:			
Contributions and Grants	\$ 491,511		\$ 491,511
United Way Contributions	19,250	19,250	38,500
Net Assets Released from Restriction	10,995	(10,995)	-
<u>Total Public Support</u>	521,756	8,255	530,011
Revenue:			
Program Fees	562,885	-	562,885
Interest Income	910	-	910
Miscellaneous Income	11,237	-	11,237
<u>Total Revenue</u>	575,032	-	575,032
<u>TOTAL PUBLIC SUPPORT AND REVENUE</u>	1,096,788	8,255	1,105,043
<u>EXPENSES</u>			
Program Services	1,140,457	-	1,140,457
Support Services			
Management and General	110,519	-	110,519
Fund-Raising	-	-	-
Total Support Services	110,519	-	110,519
<u>TOTAL EXPENSES</u>	1,250,976	-	1,250,976
<u>CHANGES IN NET ASSETS</u>	(154,188)	8,255	(145,933)
<u>Net Assets at Beginning of Year</u>	363,663	10,995	374,658
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 209,475</u>	<u>\$ 19,250</u>	<u>\$ 228,725</u>

The accompanying notes are an integral part of this financial statement.

YMCA OF NORTHEAST LOUISIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>YMCA</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND-RAISING</u>	<u>Total</u>
Salaries	\$ 473,076	\$ 28,350	\$ -	\$ 501,426
Payroll Taxes/Benefits	48,729	5,251	-	53,980
Professional Fees	19,867	6,623	-	26,490
Maintenance and Repair	18,026	-	-	18,026
Travel and Training	25,393	2,821	-	28,214
Occupancy	16,636	1,848	-	18,484
Utilities	70,286	-	-	70,286
Supplies	308,470	34,275	-	342,745
Telephone	2,667	2,666	-	5,333
Insurance	35,300	1,471	-	36,771
Advertising	36,146	-	-	36,146
Dues and Fees	22,702	-	-	22,702
Contract Labor	47,625	-	-	47,625
Depreciation	3,876	8,627	-	12,503
Bank Charges	1,120	-	-	1,120
Merchant Fees	8,241	-	-	8,241
Other Costs	2,297	18,587	-	20,884
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>\$ 1,140,457</u>	<u>\$ 110,519</u>	<u>\$ -</u>	<u>\$ 1,250,976</u>

The accompanying notes are an integral part of this financial statement.

YMCA OF NORTHEAST LOUISIANA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets	\$ (145,933)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	12,503
(Increase) Decrease in:	
Grants Receivable	(6,539)
Deposits	-
Prepaid Insurance	9,155
Unconditional Promises to Give - United Way	(8,255)
Increase (Decrease) in:	
Accounts Payable	(31,072)
Accrued Liabilities	(998)
Deferred Revenue	(113,327)
Net Cash Used by Operating Activities	<u>(284,466)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	<u>(159)</u>
Net Cash Used by Investing Activities	<u>(159)</u>

Net Decrease in Cash and Cash Equivalents (284,625)

Cash and Cash Equivalents at Beginning of Year 528,121

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 243,496

The accompanying notes are an integral part of this financial statement.

YMCA OF NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1 - Summary of Significant Accounting Policies

A. Nature of Activities

YMCA of Northeast Louisiana, Inc. (the Organization) provides care and support for children in the northeast Louisiana area. The Organization provides after school, summer, recreational and educational programs. The Organization receives primary support through program fees, donor contributions and United Way contributions. Approximately 50% of total revenues were received by program fees and 50% from individual and foundation contributions for the year ended December 31, 2014.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables and other liabilities.

C. Basis of Presentation

FASB Accounting Standards Codification (ASC) section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the YMCA and/or passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by YMCA. Generally, the donors of these assets permit the YMCA to use all of, or part of, the income earned on the related investments for general or specific purposes. As of December 31, 2014, there were no permanently restricted net assets.

YMCA OF NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

D. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

E. Donated Services

No amounts have been reported in the financial statements for donated services because no objective basis is available to measure the value of such services. There was no compensation paid to any board member during 2014.

F. Budget Policy

Budgets are prepared by the Organization's Executive Director and Board of Directors, and approved by the grantor of the funds.

G. Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. A temporarily restricted contribution that has its restriction met in the same reporting period is recorded as unrestricted contributions.

H. Functional Expenses

Functional expenses have been allocated between Program Services and Supporting Services based on estimates by management. Management has determined that fundraising expenses are not material.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

YMCA OF NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

J. Fixed Assets

The fixed asset account consists of the net investment in fixed assets at cost, plus any resources restricted by the donor to be used for fixed asset additions. Fixed assets are depreciated by the straight-line method over the estimated useful lives of the assets.

The following lives have been assigned to the fixed assets:

Computer Equipment, Vehicles	5 Years
Furniture and Fixtures, Equipment	7 Years
Buildings	39 Years

K. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

L. Reserve for Bad Debts

Accounts receivable are reviewed annually by management, and it has been determined that there is no requirement for an allowance for doubtful accounts as of December 31, 2014.

Note 2 - Tax Exemption

YMCA of Northeast Louisiana, Inc. is a nonprofit corporation exempted from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the organization engage in activities unrelated to its exempt purpose, taxable income could result. The organization had no material unrelated business income for the year ended December 31, 2014. The earliest income tax year that is subject to examination is 2011.

Note 3 - Cash and Cash Equivalents

The YMCA has deposit accounts at two federally insured financial institutions. At December 31, 2014, the bank balance in those institutions totaled \$276,370 all of which was insured by the Federal Deposit Insurance Corporation.

YMCA OF NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 4 - Promises to Give

Unconditional promises to give consist of the following:

United Way	<u>\$ 19,250</u>
Amounts Due In:	
Less Than One Year	19,250
One to Five Years	<u>-</u>
Total	<u>\$ 19,250</u>

Note 5 - Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs for the year ended December 31, 2014 were \$36,146.

Note 6 - Subsequent Events

Subsequent events have been evaluated through September 30, 2015, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

SUPPLEMENTAL INFORMATION

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
YMCA of Northeast Louisiana, Inc.
Monroe, Louisiana

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying statement of financial position of the YMCA of Northeast Louisiana, Inc. (a non-profit organization) as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 30, 2015. Our report disclaims an opinion on such financial statements because of the condition of the accounting records and management's inability to provide us with documentation necessary to support an opinion.

Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of the YMCA of Northeast Louisiana, Inc., we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of YMCA of Northeast Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of YMCA of Northeast Louisiana, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 14-02 and 14-04 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 14-01 to be a significant deficiency.

Board of Directors
YMCA of Northeast Louisiana, Inc.
Monroe, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YMCA of Northeast Louisiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 14-03.

YMCA of Northeast Louisiana, Inc. Response to Findings

The Organization's response to the findings identified in our audit is in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely for the information and use of the management of YMCA of Northeast Louisiana, Inc., the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
September 30, 2015

YMCA OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

To The Board of Directors
YMCA of Northeast Louisiana, Inc.
Monroe, Louisiana

We were engaged to audit the financial statements of YMCA of Northeast Louisiana, Inc. as of and for the year ended December 31, 2014, and have issued our report thereon dated September 30, 2015. The audit report issued on the financial statements as of December 31, 2014, resulted in a disclaimer of opinion.

Section I - Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ☒ yes ☐ no

Significant Deficiencies not considered to be

Material Weaknesses ☒ yes ☐ no

Compliance

Compliance Material to Financial Statements ☒ yes ☐ no

B. Federal Awards

Material Weakness Identified ☐ yes ☒ no

Significant Deficiencies not considered to be

Material Weaknesses ☐ yes ☒ no

Type of Opinion on Compliance for Major Programs (No Major Programs)

Unmodified ☐ Modified ☐

Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)

CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

YMCA OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

Section II - Financial Statement Findings

14-01 Lack of Separation of Incompatible Duties

Condition:

The YMCA of Northeast Louisiana, Inc. has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Criteria:

Proper internal control requires separation of incompatible duties.

Effect:

Lack of separation of incompatible duties increases the risk that errors would not be detected or corrected in a timely manner.

Recommendation:

To the extent possible the YMCA of Northeast Louisiana, Inc. employees could assist with incompatible duties.

Response:

Realizing the lack of personnel to handle many of the duties in an efficient manner, management embraces the concept of cross training. Management will utilize program directors to handle data input for their programs. By allowing these directors to handle invoicing it frees the accounting person to perform duties that serve to inspect the process.

Additionally the Administrative Assistant at the front desk is the primary person to receive payments, receipt those payments and then present supporting documentation to the accounting person in order to afford a check and balance system for revenue.

All personnel are expected to prepare expense vouchers for reimbursement or for payment to outside vendors as those expenses are incurred. Utilizing this procedure, the employees prepare the voucher, provide supporting documentation, and present it to the CEO for review and approval. The CEO then submits the voucher to accounting for payment. After the check has been prepared, the voucher and the payment are both returned to the CEO for inspection and necessary signatures.

14-02 General Accounting

Condition:

The YMCA of Northeast Louisiana, Inc. did not record transactions timely or correctly resulting in several journal entries booked at year end to reconcile accounts. These journal entries are not supported and could lead to misstatements in the financial statements.

YMCA OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

Criteria:

Good controls over financial records should include proper reconciliations, approval of journal entries, and adequate financial information being provided to the board of directors each month.

Effect:

Auditor is unable to perform the work necessary to conduct the audit in accordance with standards applicable to audits and issue an opinion on the Organization's financial statements.

Posting errors, poor accounting controls and lack of appropriate review and approval contribute to insufficient information to properly plan and operate the financial activities of the Organization. Misstatements in the financial statements and related notes may occur and not be detected within a timely period.

Recommendation:

The Organization should engage the services of an experienced accountant to ensure among other things, 1) current transactions are properly recorded and reconciled, 2) daily and month-end accounting processes and controls are implemented 3) bank reconciliations are up-to-date and prepared each month 4) accurate financial statements are prepared monthly.

Response:

James Francois, who is also a board member, has volunteered to perform these duties on a voluntary basis. Since Mr. Francois has taken on this responsibility, the financial statements are prepared monthly for review by the Board of Directors and the CEO.

14-03 Financial Statements Not Filed Timely

Condition:

The YMCA of Northeast Louisiana, Inc. did not prepare and submit its audit financial statements to the Louisiana Legislative Auditor on a timely basis.

Criteria:

LA R.S. 24:513 requires that the Organization prepare and submit its audited financial statements to the Legislative Auditor no later than six months after the end of the most recent fiscal year.

Cause:

The accounting records were inadequate to enable the auditors to complete the audit timely.

Effect:

Delinquent filings violates state law and would lead to grant revenue being delayed if not timely corrected.

Recommendation:

In the future it is recommended that adequate resources be provided to make available requested information on a timely basis.

YMCA OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

Response:

Management and the board have decided that they must have someone outside of the YMCA office personnel to facilitate the preparation of the financial statements. James Francois, who is also a board member, has volunteered to perform these duties on a voluntary basis. Since Mr. Francois has taken on this responsibility, the financial statements are prepared monthly for review by the Board of Directors and the CEO.

Due to the recent death of the Board President, the board voted to elevate the President Elect to the office of President. Mr. Francois was the President Elect and is now serving as President for the unexpired term and will then serve through calendar year 2016.

Accordingly, it is appropriate to engage the services of a CPA to perform these duties and ensure the necessary financial statements are prepared and submitted in a timely manner.

14-04 Inappropriate Disbursements

Condition:

During the audit we were informed that blank checks were being signed resulting in misappropriation of funds by a former employee, who worked in the accounting department. Three checks totaling \$3,230.09 were issued from October 9, 2014 to October 15, 2014 to the former bookkeeper, Ms. Stephanie Jackson. The Organization has reported this incident to the local District Attorney. Currently, Ms. Jackson has a bench warrant issued for her arrest due to failure to appear for her court date on these theft charges. Prior to charges being filed, Ms. Jackson signed a promissory note to pay back the funds that were misappropriated.

Criteria:

Controls should exist to properly maintain blank checks and ensure no blank checks are signed and without proper support.

Cause:

Blank checks were being signed and a former employee filled the signed checks out for personal gain.

Effect:

Funds could be spent not in the benefit of the Organization and never recovered.

Recommendation:

All checks should have the proper payee, amounts, etc. and proper documentation prior to being submitted to the authorized check signer.

Response:

Early in the employment of the CEO on an Interim Basis, the CEO was not an authorized signature on the bank accounts. The Chief Volunteer Officer and the Board President were the approved signers; however as a volunteer the Chief Volunteer Officer also had a full time occupation. Checks were signed (with numbers recorded) on an as needed basis and were kept in a locked safe. As the bookkeeper needed to prepare payments she would request a number of checks from the CEO. Unfortunately 3 checks totaling \$3,230.09 were issued to the former bookkeeper and used for personal gain.

YMCA OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

Once the CEO was hired permanently this procedure was abandoned. It is now standard operating procedure for all checks to be given to the accounting personnel as an invoice or voucher for payment is received. Once the check is prepared the accounting personnel returns the check, along with supporting documentation to the CEO who then executes the necessary signature prior to the release of the check.

Section III - Federal Award Findings and Questioned Costs

There were no findings in this section.

YMCA OF NORTHEAST LOUISIANA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Internal Control and Compliance Material to the Financial Statements

13-1 Internal Control (Predecessor Auditor)

Condition

Proper internal control under professional auditing standards require management to prepare the Organization's annual financial statements.

Recommendation

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying professional auditing standards reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports. In this case, we do not believe that curing the significant deficiency described above would be cost effective or practical and, accordingly, do not believe any corrective action is necessary.

Current Status

Uncleared. The Organization has obtained the services of an accountant to prepare monthly financial statements to the Board of Directors as noted in management's response to current finding 14-02.

Compliance

There were no findings for the year ended December 31, 2013

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.

YMCA OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR YEAR ENDED DECEMBER 31, 2014

Agency Head :	<u>Ellis Lewis</u>	<u>Ronita Ross</u>
Executive Director	September 2014 - Present	January -August 2014
Purpose:		
Salary	\$ 13,511	\$ 44,363
Benefits - Payroll Taxes and Insurance	2,476	11,084
Travel	202	3,736
Reimbursements	31	6,436
Relocation Expenses	-	4,455
Total Compensating, Benefits, and Other Payments	<u>\$ 16,220</u>	<u>\$ 70,074</u>

See independent auditors' report.